

MEMO

TO: HOUSING METHODOLOGY COMMITTEE
FROM: ABAG RHNA TEAM
DATE: REVISED OCTOBER 18, 2006
RE: **REVISIONS AND APPEALS**

SUMMARY

The Committee will be considering allocation methodologies at its October 19 meeting. The methodology is first used to prepare the initial draft allocation of the regional housing need among local jurisdictions. The methodology can also be used to handle “reallocations” that occur at the two points in the RHNA process where local jurisdictions can request changes to the allocation. This memorandum outlines the main features of these two points in the process, suggests some ways of thinking about the process, and requests that the Committee provide staff with feedback on these concepts.

BACKGROUND

The current RHNA statute provides for two reviews of the proposed allocation. The first is called the revision period which begins in June 2007 and concludes by October 2007.¹ The second is called the appeals period which begins in November 2007 and concludes by April 2008.² In each instance, local jurisdictions may ask for a change to their allocations. However, the regional housing need has to be fully allocated within the region. Therefore, if ABAG changes just one local jurisdiction’s allocation, it must reallocate the difference to one or more jurisdictions in the region.

After the revision period, ABAG may issue a “reallocation” based on the decisions made in response to requests for revisions. This reallocation is then subject to the appeals process. After the appeals period, ABAG may issue another “reallocation” based on the decisions made in response to appeals by local jurisdictions. In the revision process, if ABAG “reallocates” it will use the regional allocation methodology. In the appeal process, the RHNA statute provides a formula for a “reallocation” if one is needed, but leaves some discretion to ABAG.³

ANALYSIS AND SUGGESTIONS

The committee may wish to consider including in the methodology sets of criteria that guide how ABAG responds to requests for revisions or appeals and how to make any necessary reallocations. There may be opportunities to use reallocations to accommodate local conditions while also advancing the RHNA objectives.

¹ The request for a revision “shall be based on comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation” [Section 65584.05(b)]. Further, the requested revision must be “in accordance with the [RHNA] factors [described in Section 65884.04(d)].”

² The appeal may be based on one or both of the following: (1) ABAG failed to adequately consider the information about a RHNA factor, or a significant and unforeseen change in circumstances has occurred in the local jurisdiction or (2) ABAG failed to determine the jurisdiction’s share of the regional housing need in accordance with the RHNA factors or the methodology.

³ The statute requires that appealed allocations be distributed “proportionally to all local governments” if the appealed allocations total seven per cent (7%) or less of the regional need. In the event the appealed allocations total more than seven per cent (7%), ABAG “shall develop a methodology to distribute the amount greater than the 7 percent to local governments.”

A. Boundary Issues

One way of thinking about the revision process is as an added technical tool for “fine-tuning” the initial draft allocation. One example is the allocation of the share associated with land within a city’s sphere of influence (SOI). In the main, *Projections 2007* forecasts population and job growth for cities, unincorporated areas of the counties, and SOI’s. First, there is the question of whether SOI boundaries are correctly described or might change significantly during the RHNA process. Second, there is the question of how the RHNA methodology will allocate the housing need associated with existing, or forecasted growth in, households and jobs.

Staff recommends the following initial allocation methodology:

- 1) Based on the regional policy preference for city-centered development and anecdotal information from the HMC about actual county/city practices, initially allocate all of the housing need generated by the SOI’s to the cities in the counties of Marin, Napa, Santa Clara, Solano and Sonoma, and allocate all of the housing need generated by the SOI’s to the county in the counties of Alameda and Contra Costa.⁴
- 2) Include a rule that if a local jurisdiction requests a revision that reallocates units associated with SOI, the request will be decided in a manner that:
 - (a) is consistent with any pre-existing written agreement between the city and county that allocates such units, or
 - (b) in the absence of a written agreement, allocates the units to the jurisdiction that has permitting authority over future development in the SOI.

These criteria resolve the local issues and advance the statutory RHNA objectives. In this particular example, there is the added benefit of avoiding reallocation to parties not directly involved in the request for revision.

B. Voluntary Transfers of RHNA Units

Another way of thinking about the revision process is as an opportunity for local jurisdictions to transfer a portion of their allocation to a willing partner that can better plan for, or provide, the necessary housing choices. In *A Place to Call Home* (2006), ABAG documented the region’s progress since the last RHNA revision. One prevalent theme is that there are differences in local conditions that affect how much of their RHNA goals local jurisdictions can achieve. Some struggled to permit any housing units – particularly affordable units – while others permitted significant increases in, and diversification of, the housing stock.⁵

An effective set of transfer criteria can condition transfers of RHNA units between two willing jurisdictions and direct housing growth and diversification of housing choices in a way that furthers RHNA objectives and regional planning goals. Staff requests that the Committee discuss and consider the following concepts that could govern the case-by-case consideration of requests for revisions that transfer units among local jurisdictions:

- Transfer requests must have at least two willing partners and the total number of units within the group requesting the transfer cannot be reduced.

⁴ The County of San Mateo (formed a RHNA subregion) and the City and County of San Francisco (irrelevant) have been omitted.

⁵ *A Place to Call Home* (2006), pages 13-18.

- All members of the transfer group must retain some allocation of very low and low income units.
- The proposed transfer must include a well defined and specific package of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices than would otherwise occur absent the transfer and the accompanying incentives or resources.
- If the transfer results in a greater concentration of very low or low income units in the receiving jurisdiction, the effect must be offset by (a) the urgent need for more housing choices in those income categories, or (b) the fact that the proposed project is mixed income, or (c) the proposed project is “transitional” housing for very low or low income households being relocated for rehabilitation of existing very low or low income units, or (d) the additional units avoid displacement or “gentrification” of existing communities.
- For the transfer of very low and low income units, there are restrictions that ensure the long-term affordability of the transferred units.

Committee members should also bear in mind that these transfers must comply with all other statutory constraints, further the RHNA objectives, and be consistent with the overall RHNA methodology.